

Sales and Use Tax (Liquor Sales)

Who pays the sales tax if liquor is free, raffled or auctioned at a specific function or special event?

If the liquor is dispensed but not sold to a customer at a specific event, then the business, organization or individual conducting the function or special event must pay the tax on the liquor when it is purchased.

If the charitable organization is raffling off a basket of liquor they can purchase the liquor tax exempt. However, if the liquor is being auctioned rather than through a game-of-chance, then the charitable organization must obtain a special events sales tax license and charge the appropriate sales tax from the individual who purchased the auctioned item. The organization would then remit the tax to state. The tax would include the 2.9% state sales tax, and any applicable state-collected local and special district taxes.